

Account Code Structure Vendor Master

FI-AP-001
08-18-2008



LaGOV

Version 1.1

Updated: 08.13.2008

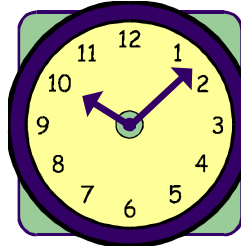


Agenda

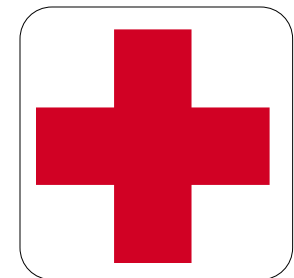
- Logistics, Ground Rules & Introduction
- Project Timeline
- Workshop Objectives
- Business Process Review
 - Process overview
 - AS-IS process flow
 - Current system alignment
 - Process improvement opportunities
 - SAP terms glossary
 - SAP concepts & functionality
 - Business process flow
 - Leading practices
 - Enterprise readiness challenges
- Next Steps – Action items
- Questions



Logistics



Before we get started ...





Ground Rules

- Has everybody signed in?
- Everybody participates – blueprint is not a spectator sport
- Silence means agreement
- Focus is key – please turn off cell phones and close laptops
- Challenge existing processes and mindsets
- Offer suggestions and ideas
- Think Enterprise
- Ask questions at any time
- One person at a time please
- Timeliness – returning from break
- Creativity, cooperation, and compromise





Introduction

■ Roles

- **Process Analyst and Functional Consultant** – lead and facilitate the discussions and drive design decisions
- **Documenter** – take detailed notes to support the formal meeting minutes to be sent by the Process Analyst to all participants for review and feedback
- **Team Members** – provide additional support for process discussions, address key integration touch points
- **Subject Matter Experts** – advise team members on the detailed business process and participate in the decisions required to design the future state business process

Round the Room Introductions

Name

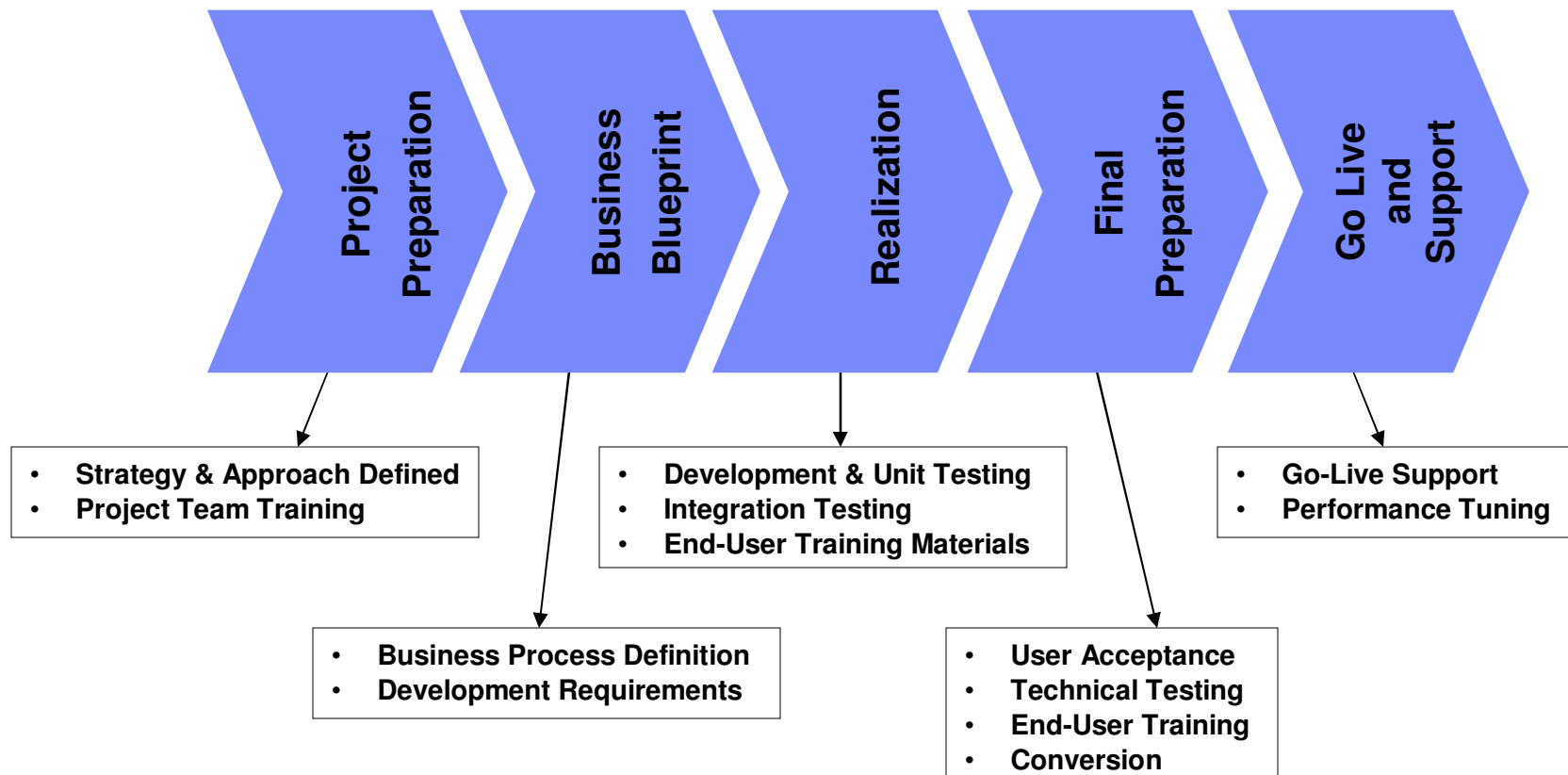
Position

Agency



Project Phases

■ Five Key Phases

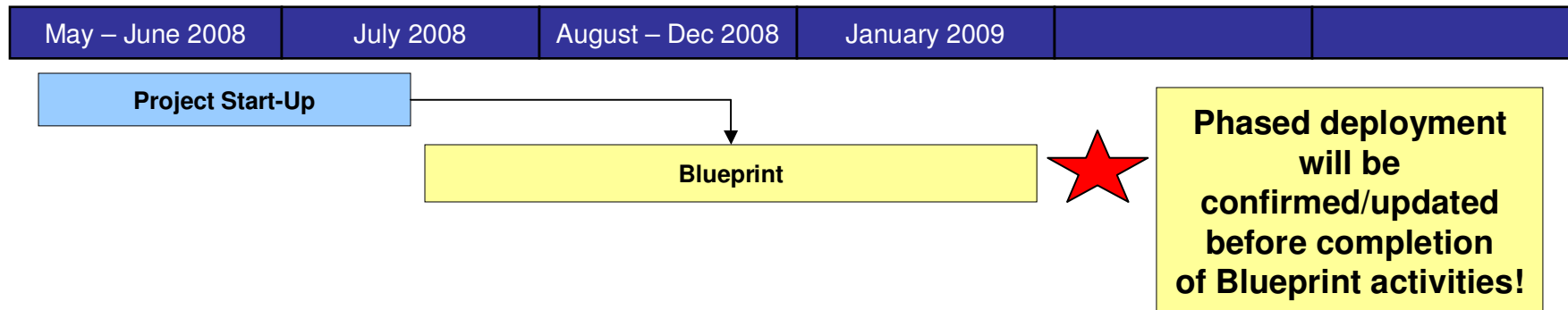




Tentative Project Timeline

- Tentative implementation dates are planned as follows:

Functionality	Tentative Implementation Date
Budget Prep	October 2009
DOTD	February 2010
Core Modules All Agencies	July 2010
Additional Modules	January 2011





Project Organization - Functional Teams

Finance Leads

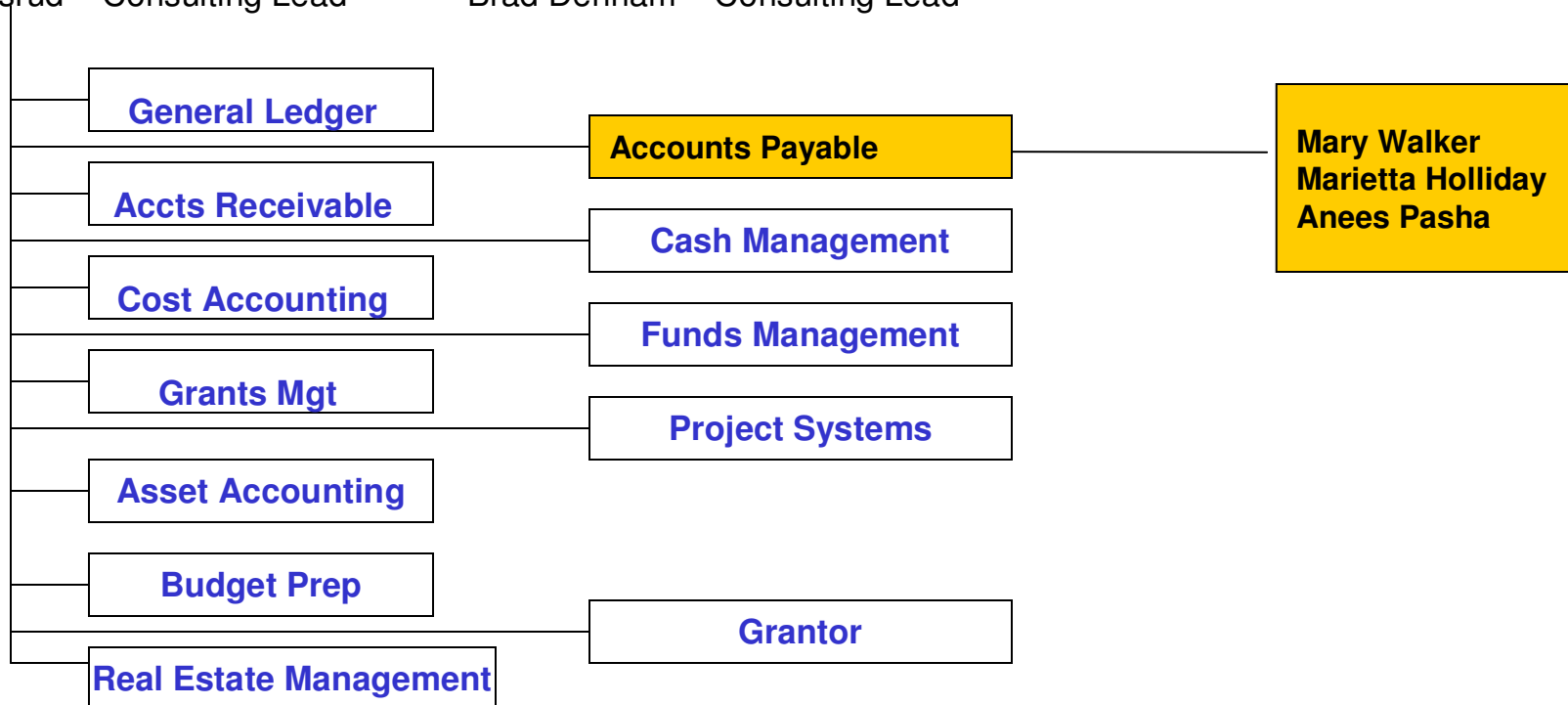
Beverly Hodges – Finance Lead
Drew Thigpen – Finance Lead
Mary Ramsrud – Consulting Lead

Logistics Leads

Belinda Rogers – Logistics Lead
Jack Ladhur – Logistics Lead
Brad Denham – Consulting Lead

Linear Assets Leads

Mark Suarez – Agile Assets Lead
Charles Pilson – Consulting Lead





Blueprint Objectives

- Review and discuss the current or As-Is business processes
 - Which helps to drive out the *Business requirements*
 - As well as the *integration points* with other processes
- Define Master Data
 - Address key integration points
 - Support organizational requirements
 - Consistent and appropriate use of data fields
- Define Future or To-Be business processes based on:
 - Best Practices inherent in SAP
 - Intellectual capital from other SAP implementations
 - State business requirements
- Identify development requirements
 - Which could result in the need for a form, report, interface, conversion, enhancement, or workflow (FRICE-W)
- Understand and communicate any organizational impacts / Enterprise Readiness challenges
- Gather system security authorizations and district-wide training requirements



Accounts Payable Workshops

Session ID	Date	Business Process	Goals
FI-AP-001	08/18/08	Account Code Structure – Vendors	<ul style="list-style-type: none"> - Build business process design for maintaining vendors - Determine field level requirements for Non PO vendors & reporting requirements - Determine use of vendor master functionality - Identify legacy systems that will be used for data conversions
FI-AP-002	09/02/08- 09/04/08	Accounts Payable Processing	<ul style="list-style-type: none"> - Develop business process design for Non PO related vendor invoice approvals - Develop business process design for 3-way/2-way match PO related invoice approvals - Develop business process design for 1099 vendor invoice processing - Develop business process design for invoice billing discrepancies and invoice tolerances - Develop business process design for vendor down payments. - Develop business process design for outgoing vendor payments - Develop business process design for vendor cash refunds and credits - Develop business process design for recurring vendor invoicing - Develop business process design for vendors who are also customers
FI-AP-003	09/16/08- 09/17/08	Check Management	<ul style="list-style-type: none"> - Develop business process design for house banks/bank accounts/check numbering in SAP - Identify check design (output form) - Develop business process design supporting daily check management - Develop business process design for reporting requirements for check management) - Develop business process design supporting escheated checks, return payments
FI-AP-004	10/01/08	1099 Processing	<ul style="list-style-type: none"> - Develop business process design supporting 1099 invoicing and reporting requirements - Develop business process design supporting validating 1099 vendor master data - Develop business process design supporting 1099 data transmission/corrections
FI-AP-005	10/07/08	Non Payable Invoices	<ul style="list-style-type: none"> - Develop business process design for free of charge vendor invoicing
FI-AP-006	10/16/08	Purchasing Card Processing	<ul style="list-style-type: none"> - Develop business process design to import purchasing card data from banking institution - Develop business process design for maintaining default purchasing card account coding - Develop business process design supporting expense approvals/controls/posting - Develop business process design supporting expense posting corrections - Develop business process design supporting period end close procedures - Develop business process design supporting purchasing card credits - Identify reporting requirements



Purchasing Workshops

- This workshop will cover the Accounting view of the vendor master record.
- The Purchasing view of the vendor master record will be covered in workshop LOG-MM-002 held on 09/09 -10/2008.
- The decisions we make in this workshop will serve as inputs and starting points for the Purchasing workshop.

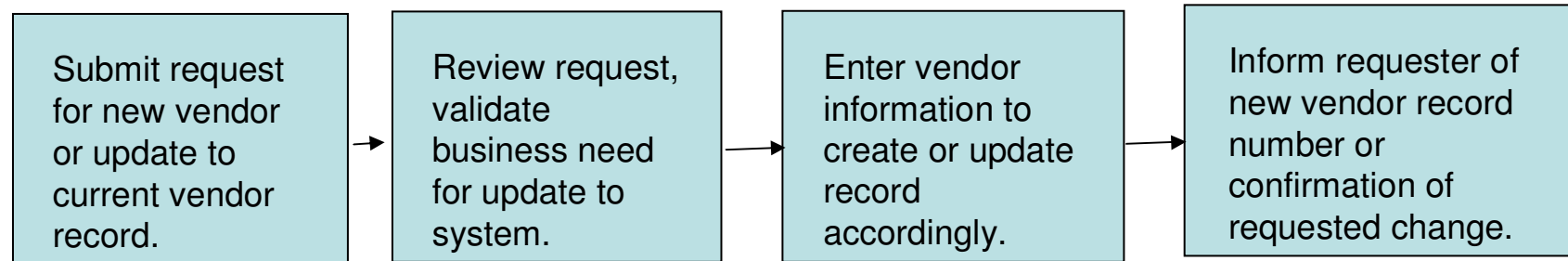


Work Session Objectives

- Build business process design supporting maintenance process for Non PO related vendors
 - Define business process supporting creating new vendors
 - Define business process supporting modifying vendors
 - Define business process supporting blocking/unblocking vendors
 - Define business process supporting marking vendor records for deletion
- Determine field level requirements for Non PO related Vendors:
 - Define vendor account numbering strategies and vendor groups
 - High level design of fields on vendor master record
 - Field status: required, optional, suppressed fields
 - Custom fields
- Use of special vendor master maintenance functionality
 - One time vendors
 - Alternate payee vendors
 - Vendor/Customer integration
 - Dual control for sensitive fields
- Identify legacy systems that will be used as source data system for vendor master data conversion
- Identify any reporting business requirements supporting vendor master data maintenance



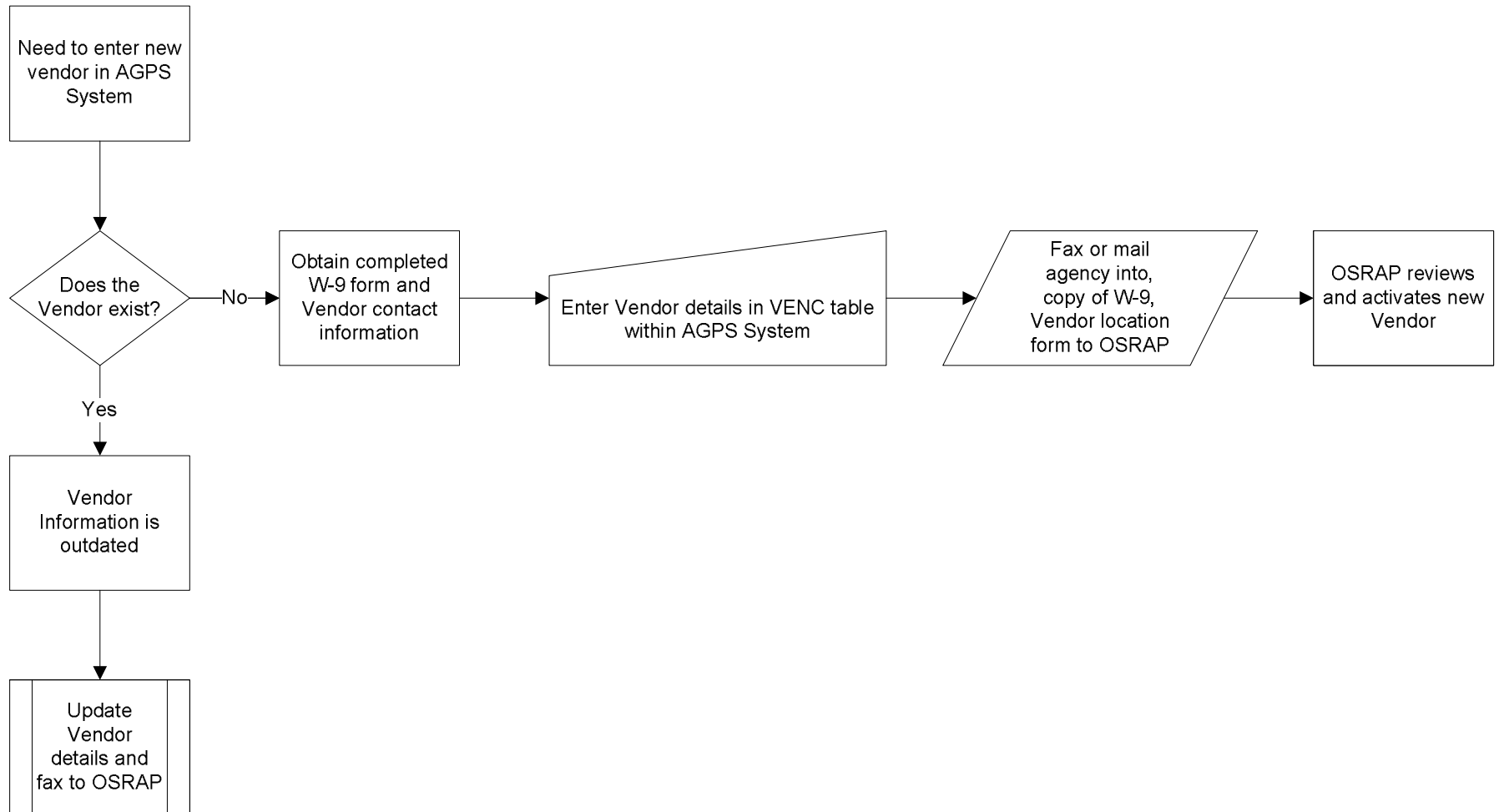
High Level Process Overview Vendor Master Maintenance





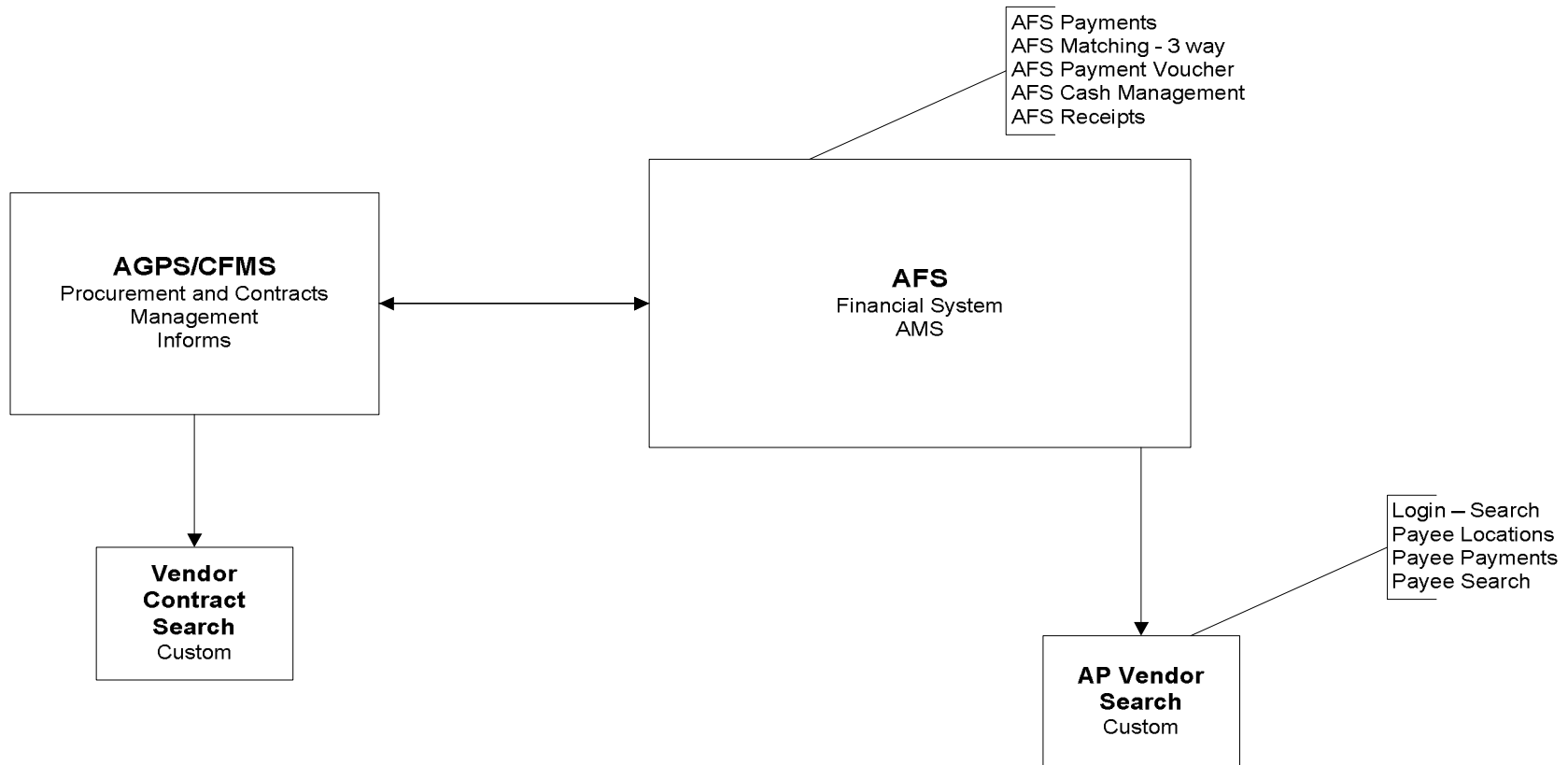
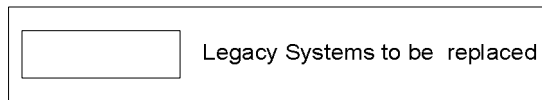
As-Is Process Flow

New Vendor Creation – AGPS System



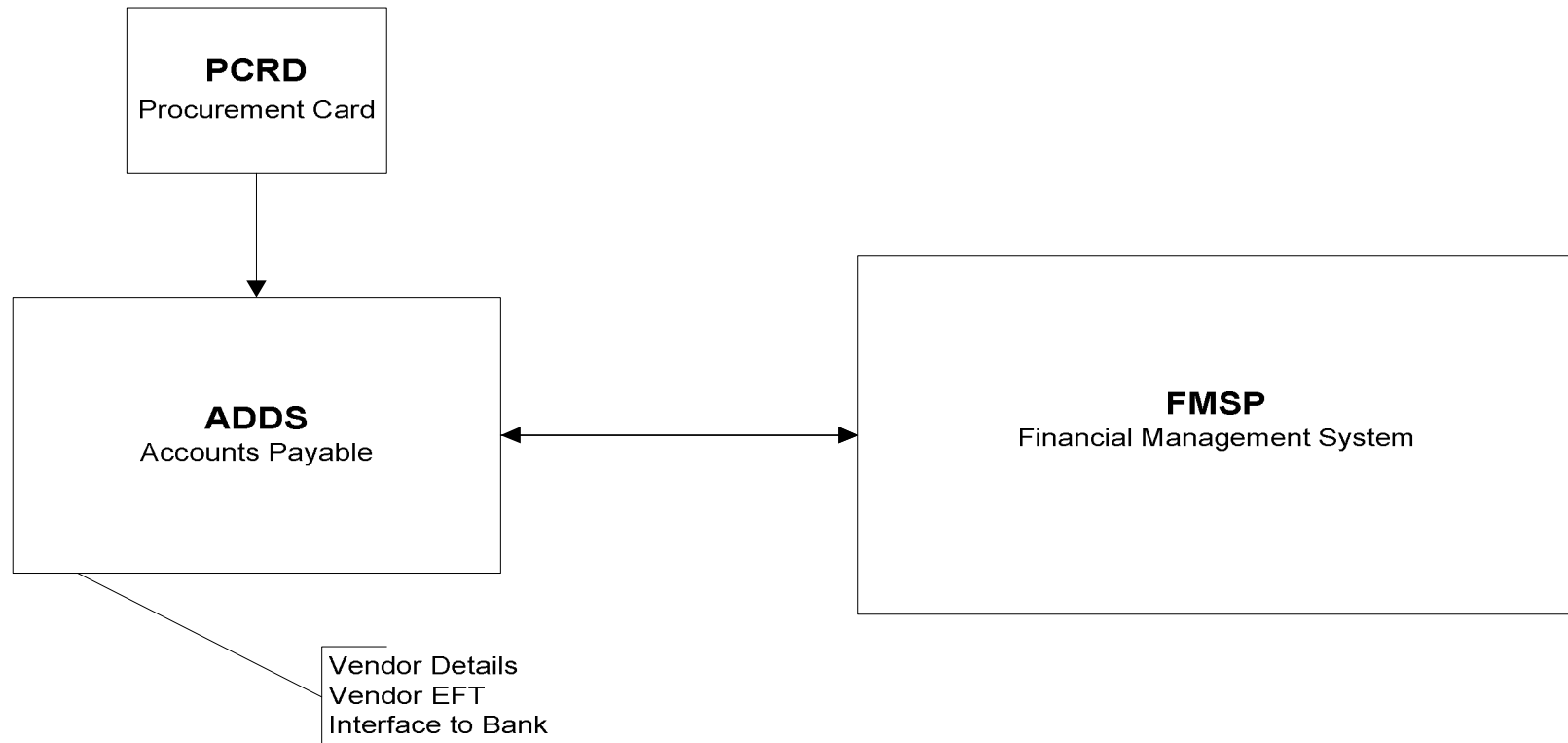
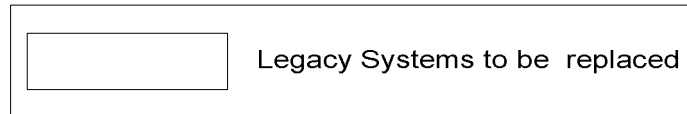


Current Systems Alignment AFS





Current System Alignment DOTD





Process Improvement Opportunities (Pain Points)

- Standardization across entire enterprise
 - Fields will have same definition and use across enterprise
 - Easier to create standard reporting across enterprise
- No data redundancy/ no multiple creation of same vendor
- Opportunity to adopt a centralized data management strategy
 - Data maintenance easier
 - Data maintenance is better controlled



Leading Practices

- One vendor record supporting entire enterprise
 - Provides data consistency
 - Provides better reporting (allows for standard reporting)
- Centralized data management
 - Provides better overall control; separation of duties
 - Provides better management of data standards
 - Use dual control functionality for sensitive fields
- Use of business partner functionality



Workshop Break-out Session: Business Process Design

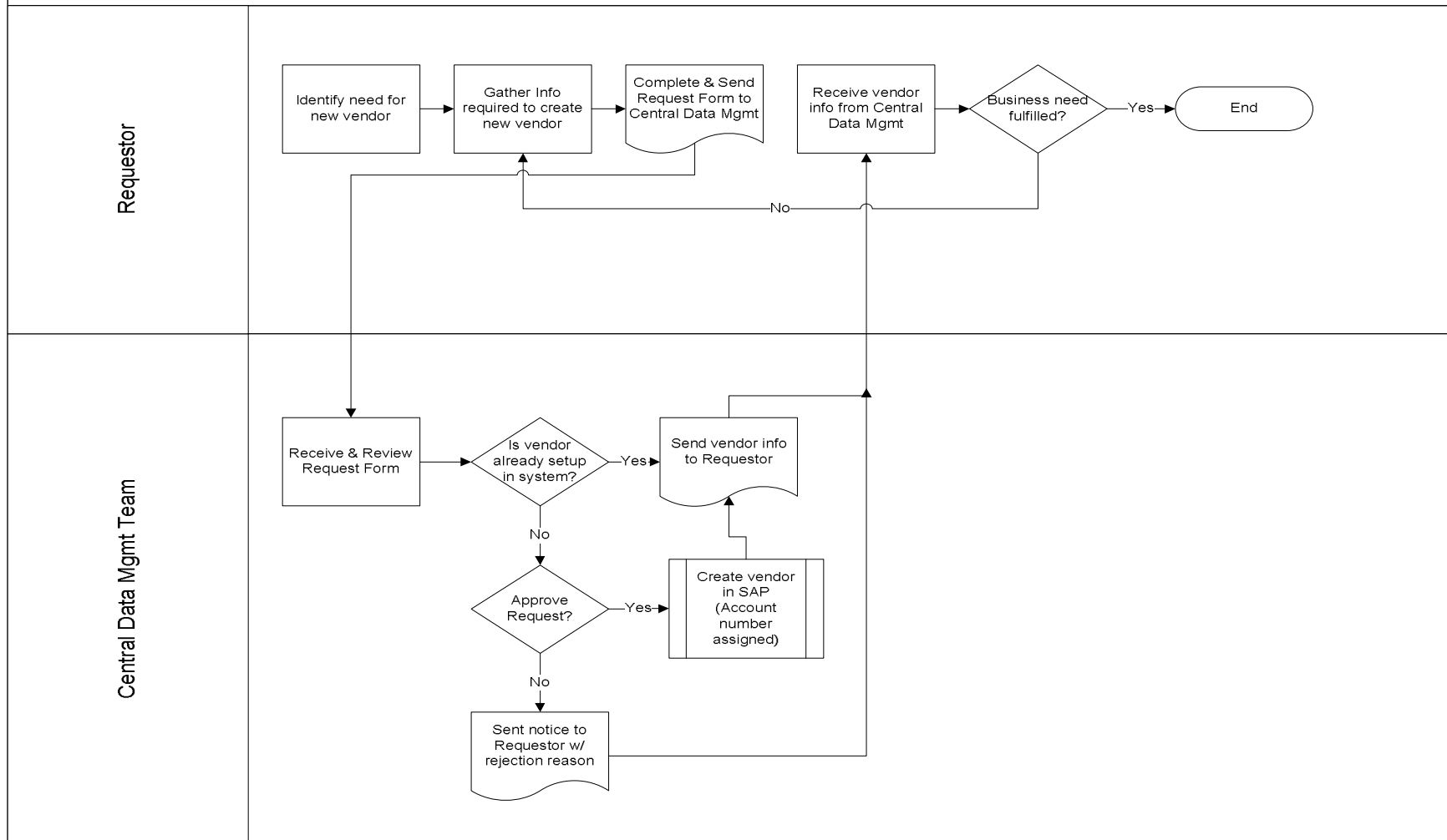
- Define business process steps
- Define end-to-end business process using process steps
 - Create
 - Change
 - Block/unblock
 - Mark for deletion



Business Process Flow

Create Vendor

To-Be High Level Design: Create Vendor Master





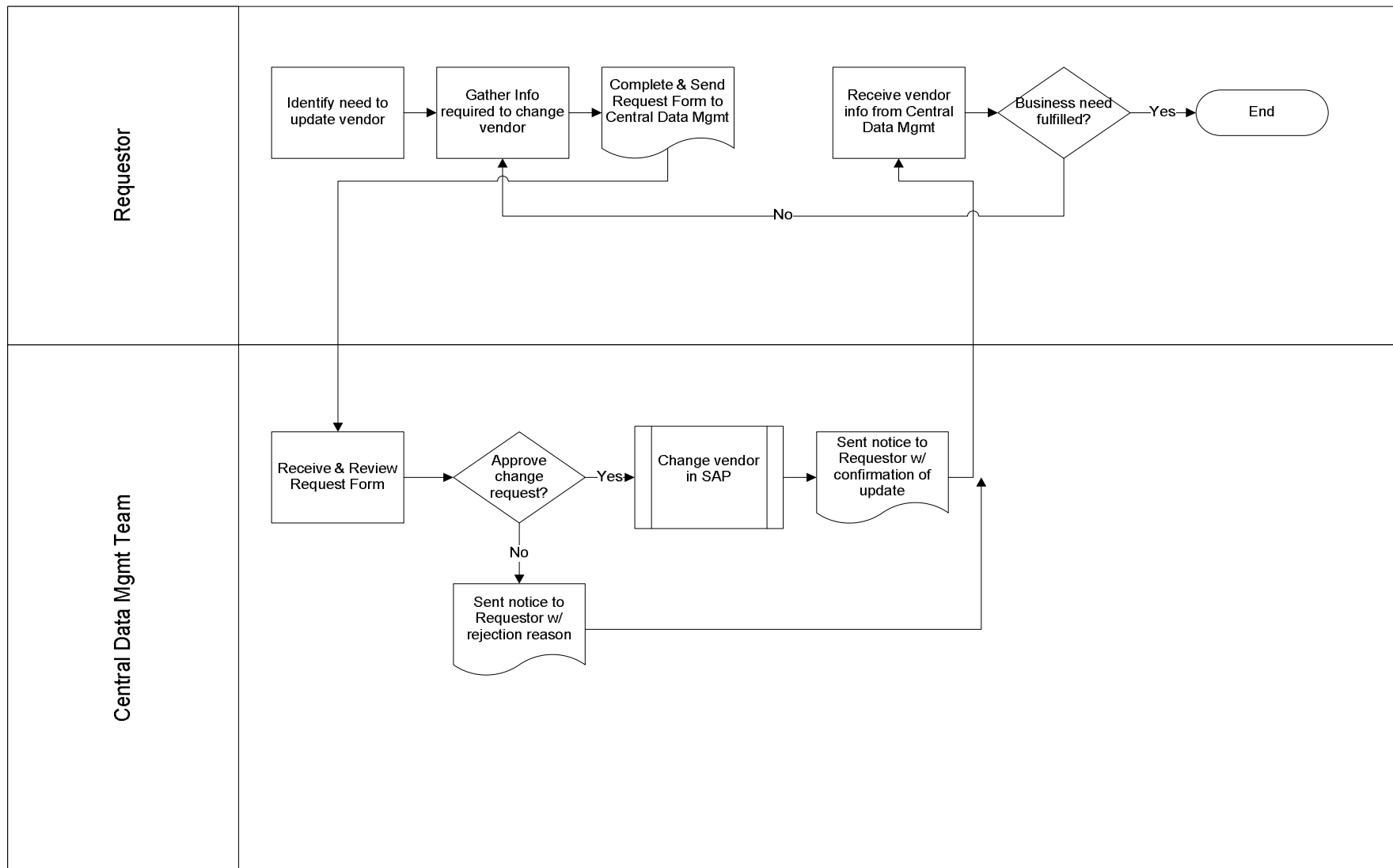
Vendor Master Change – Dual Control

- This functionality of dual control is used to provide more security when changes are made to sensitive data in vendor master record
- Changes to the vendor master (sensitive fields) can be authorized by another person responsible.
- If there are any changes to sensitive fields, the vendor is blocked for payment. The block is removed when a second person with authorization checks the change and confirms or rejects it.



Business Process Flow

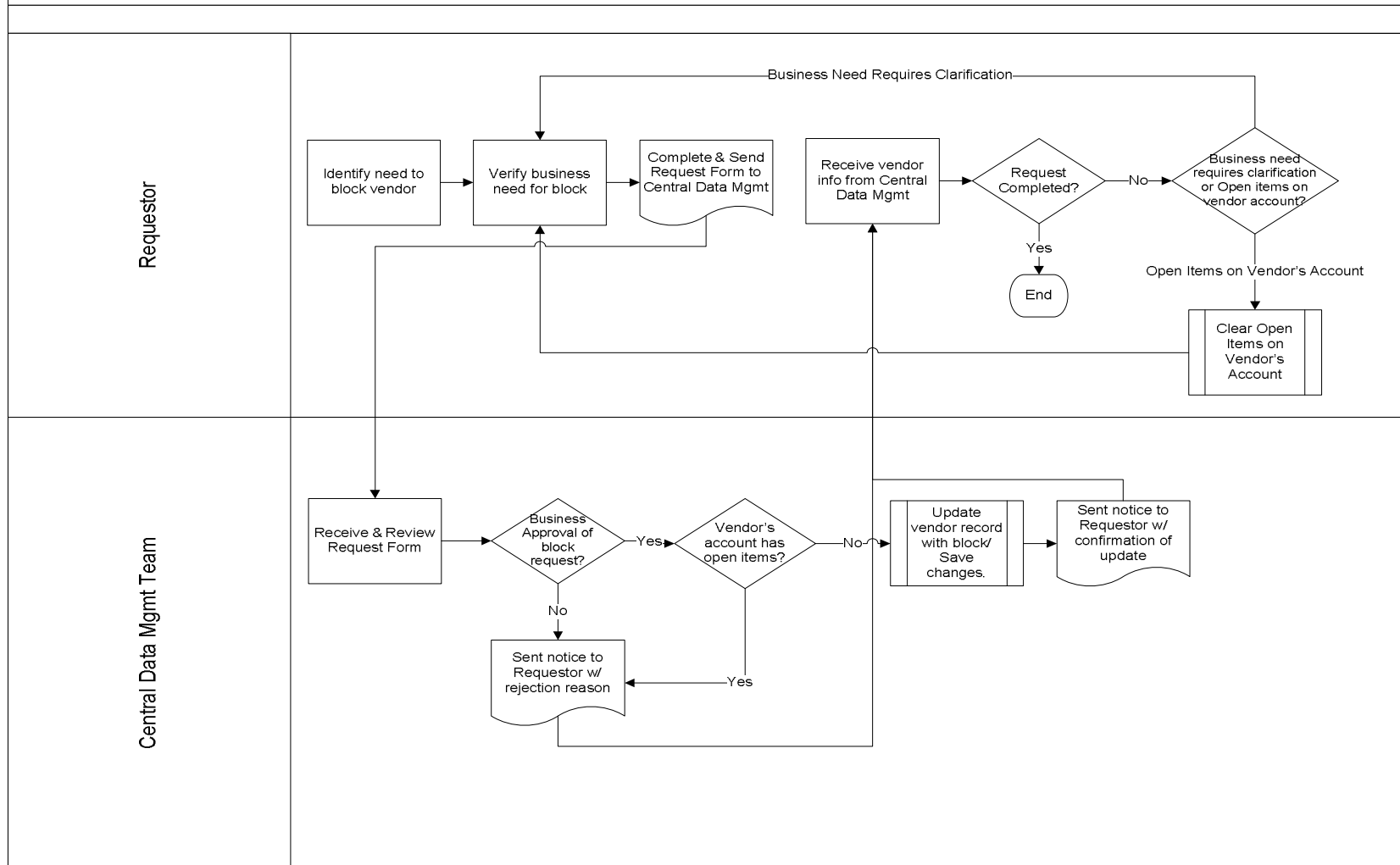
Change Vendor





Business Process Flow Block Vendor

To-Be High Level Design: Block Vendor Master Record

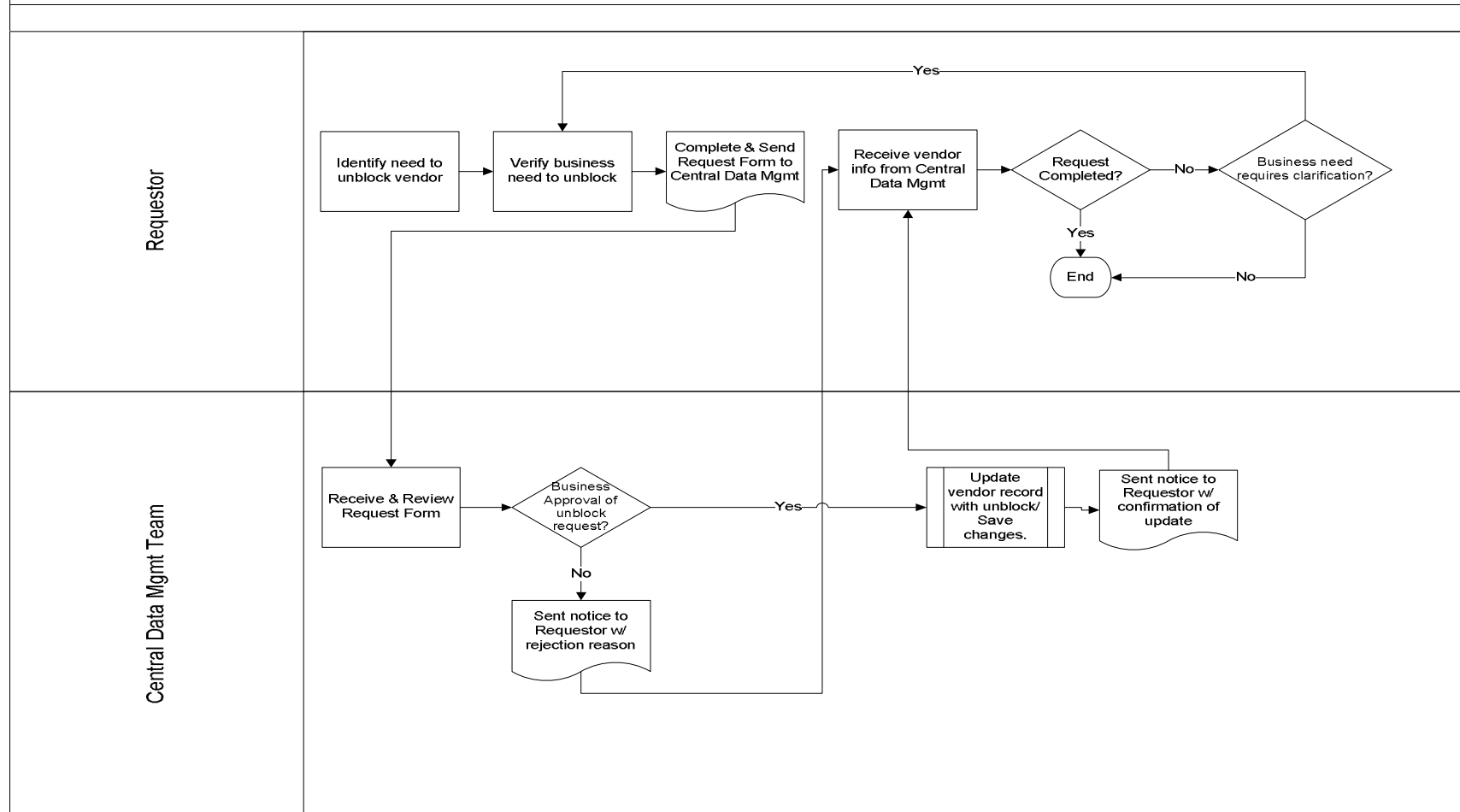




Business Process Flow

Unblock Vendor

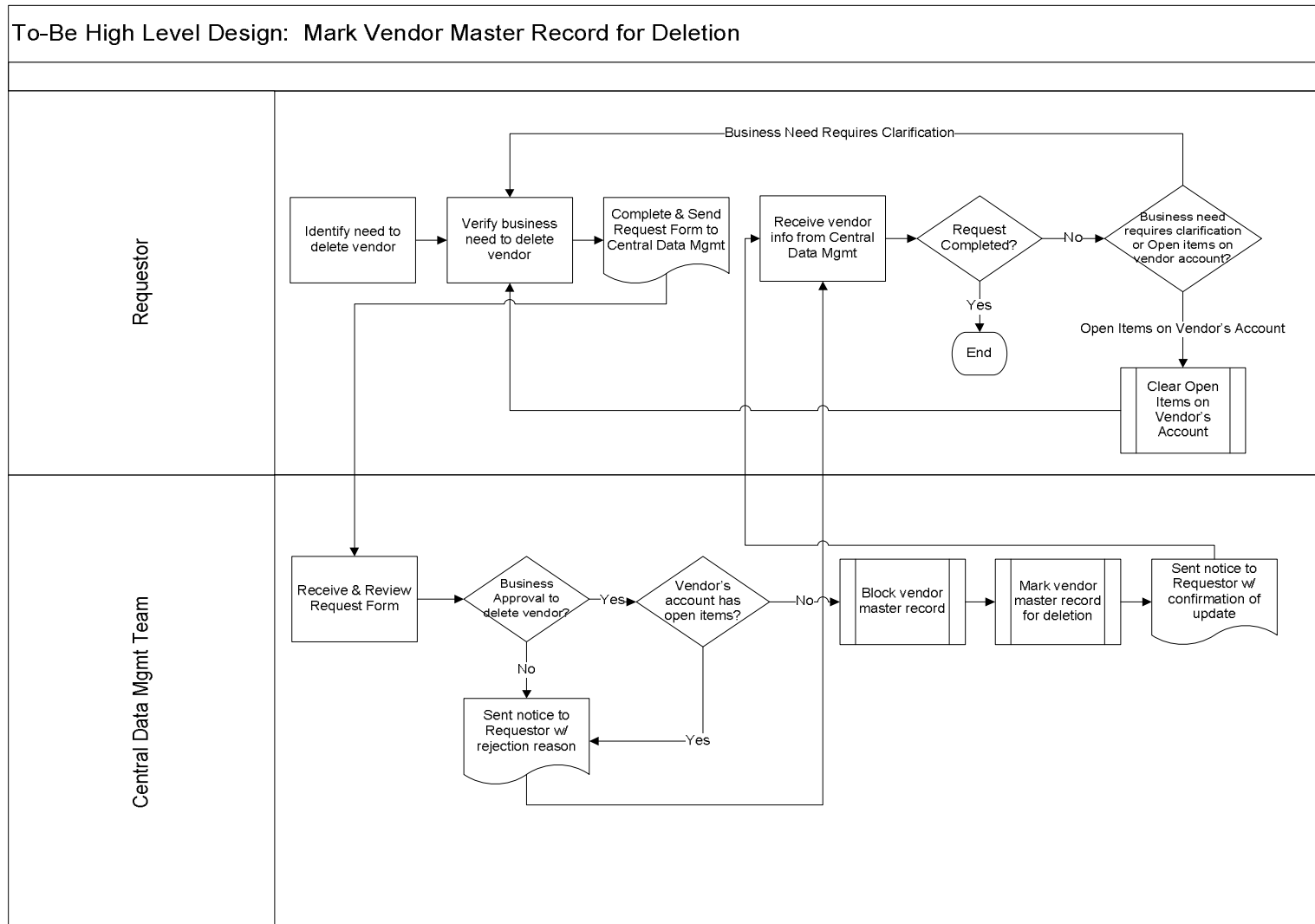
To-Be High Level Design: Unblock Vendor Master Record





Business Process Flow

Mark Vendor for Deletion





SAP Glossary

- **Vendor Master** - Contains all the information about the vendor that is needed to be able to conduct business with them. Each vendor Master Record is assigned to a specific GL Account.
- **Account Group – Vendor** account groups control the number ranges for vendor accounts, which fields are required, suppressed or optional entries when creating and changing vendor master records.
- **Payment Term** - Key for defining payment terms (Pay immediately Due Net; Within 30 days due net).

- **One time Vendor** - Miscellaneous vendors with whom you do not regularly do business.
- **Reconciliation Account** - A G/L account, to which transactions in the subsidiary ledgers (such as in the customer, vendor or assets areas) are updated automatically.



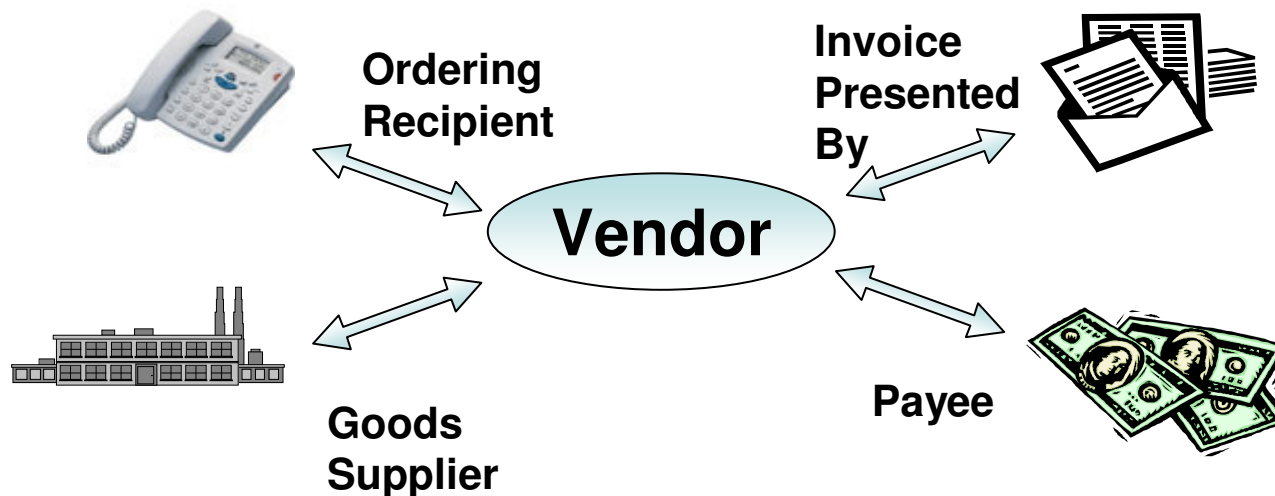
Types of Vendors in SAP

- Business partners (BP) – PO related Transaction
 - Ordering Address (Vendor's address on PO)
 - Goods Supplier Address (Vendor's address on Goods Receipt)
 - Invoice Address (Vendor's address on Invoice)
 - Payee Address (Vendor's address assign to Payment)
- Accounting vendors – Non PO related Transactions
- One-time vendors
- Alternate Payee vendors
- Vendor who are also Customers



Types of Vendors in SAP : Business Partners

- Business Partners are used to define the different roles that a Vendor can play in the Procurement Process.
- Each partner can have different addresses.



- In the procurement process, there may be different business partners for different roles in the transaction. These partner roles are defined in the vendor master data.



SAP Vendor Master Data Views

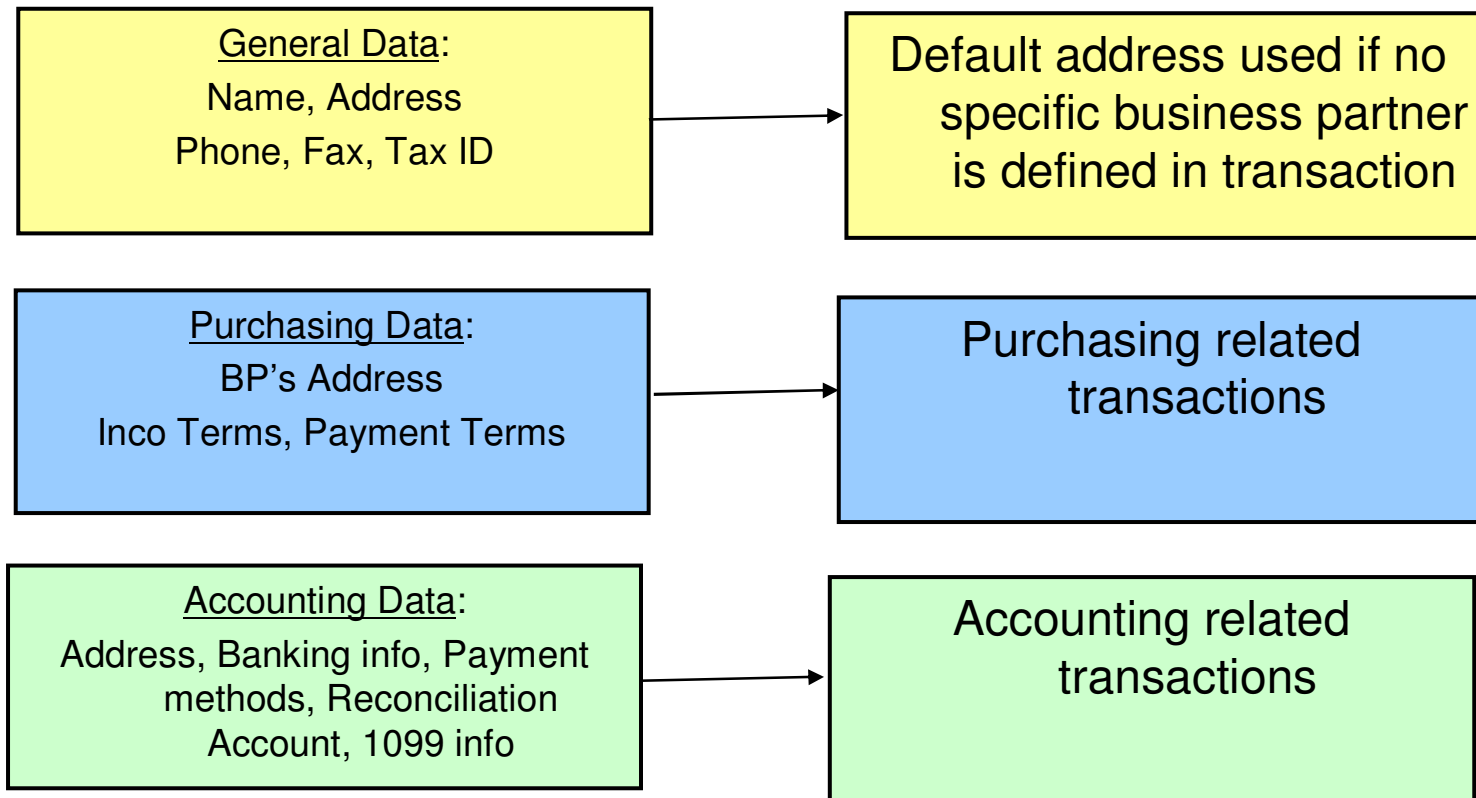
- SAP vendor master record is divided into specific business functions or data views
 - General view → Data that supports all transactions
 - Purchasing view → Data that supports Purchasing related transactions
 - Company Code view → Data that supports Accounting related transactions
- PO related vendors will have all 3 views
- Non PO related vendors will have 2 views:
General view & Company Code view



SAP Vendor Master Data Views

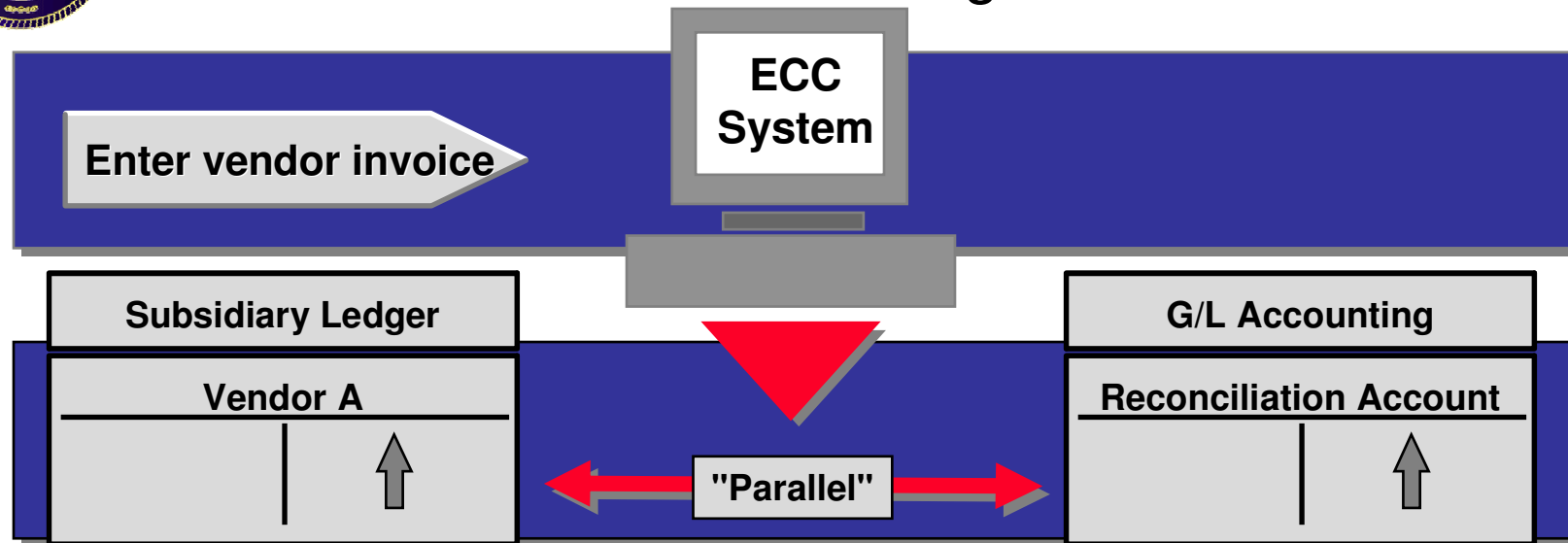
Data View

Used By





Vendor Master Integration: General Ledger



- The reconciliation account is the G/L account used to reflect the summarized vendor liability in the balance sheet
- The reconciliation account and the vendor subsidiary ledger are updated in parallel by the posting of an AP document (invoice, credit memo, payment)
 - Line item details are kept in the subsidiary ledger
 - Summary information is kept in the reconciliation account



One Time Vendor

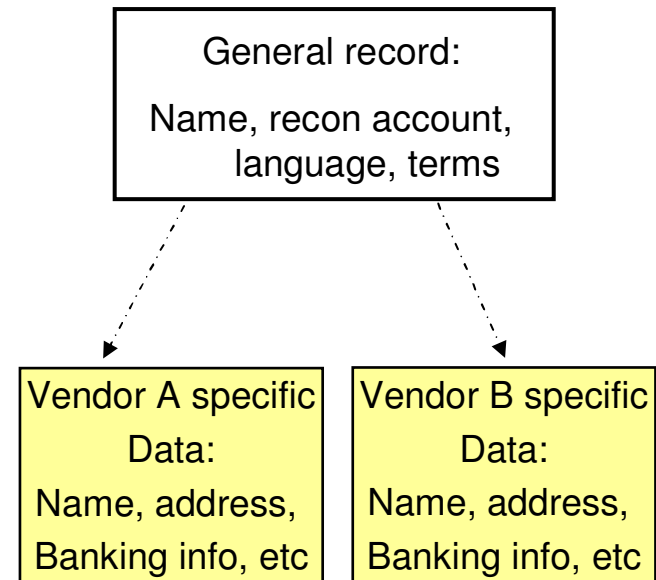
- ☐ One-time vendor functionality supports infrequent vendor purchases
- ☐ In contrast to traditional vendor master records, one time vendors master records contain no data specific to a single vendor
- ☐ The one-time vendor record is a consolidated vendor account
- ☐ The vendor specific data for one time vendors are entered into the document at the time of invoice data entry



One Time Vendors

- Do you see a need for one-time vendor functionality in our To-Be design?
 - Vendor number range: Internal numbered/External numbered
 - Standard vendor field status on master record
 - Standard dynamic data entry fields at time of invoicing
- What controls do you want in place?
 - No 1099 vendors allowed
 - No PO vendors allowed
 - Auto payment blocks
 - Review of use/abuse
 - Reporting requirements
 - Credit policy

One-time vendor





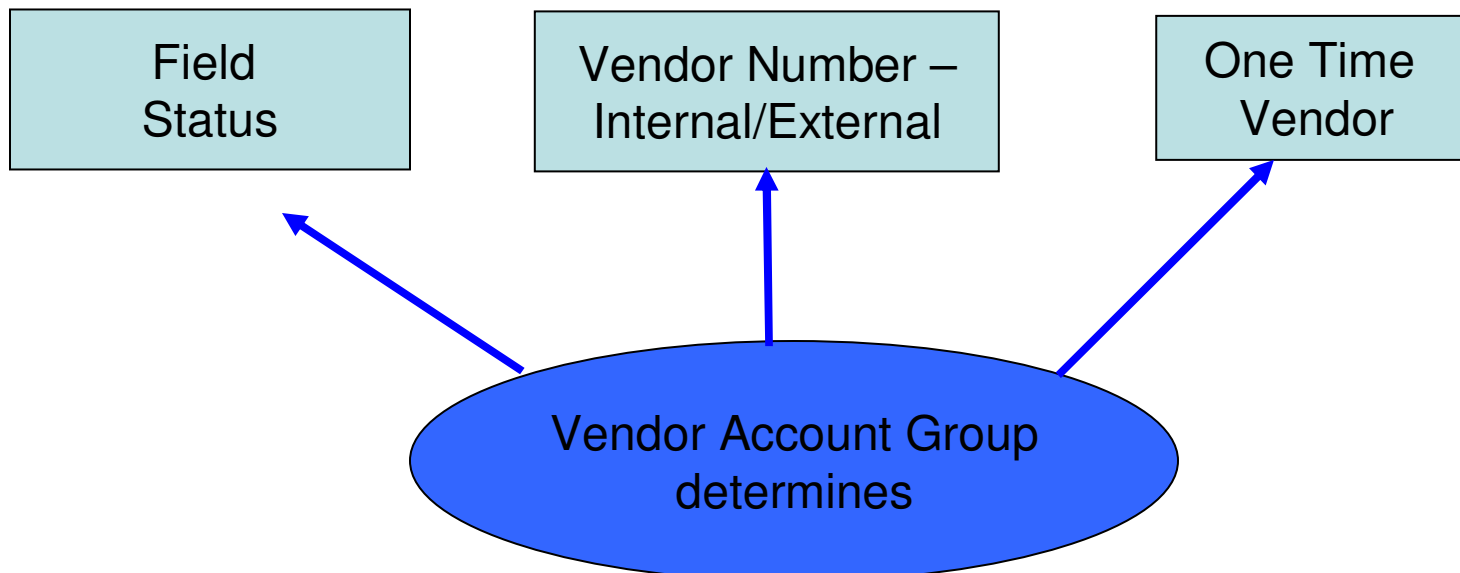
How are vendors classified currently?

- Are your vendors grouped into specification classifications now?
 - 1099 vendors
 - Utility vendors
 - Service vendors
- Are your vendors maintained differently according to their classification?
 - Different field value requirements
 - Different reporting requirements
 - Different account number ranges
 - Different reconciliation accounts



Vendor Account Groups

- An account group controls vendor master record maintenance.
- Every vendor master is managed under an account group.
- The account group determines:
 - Which fields are available on the master record (Field Status)
 - Whether the account number is assigned externally (by the user) or internally (by the system)
 - Number interval allowed for the account number of the vendor
 - Whether the vendor is one time vendor






Vendor Account Groups Guidelines

- Things to keep in mind:
 - Keep it simple
 - Think of 'To Be' design and break 'As-Is' traditions
 - Think enterprise wide
- When are different account groups required?
 - Field status requirements vary across vendor types
 - Different reconciliation account needed based on vendor type
 - Different number range required based on vendor type
 - Purchasing business partners



Vendor Master Data – Screen Layout

Maintain Field Status Group: Payment transactions

 **Field check**

General Data

Acct group 0001
Vendors
Company code data

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Payment transactions

	Suppress	Req. Entry	Opt. entry	Display
Terms of payment	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Double invoice validation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Payment block	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Payment methods	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Alternative payee account	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Clearing with customer	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bill of exchange limit	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cashed checks duration	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Workshop Break-out Session: Vendor Account Group Design

- Confirm how vendors are classified & business reasons supporting classification (Account Groups)
- Determine account numbering strategy for each account group
- Determine field level requirements for each Account Group (on excel spreadsheet)



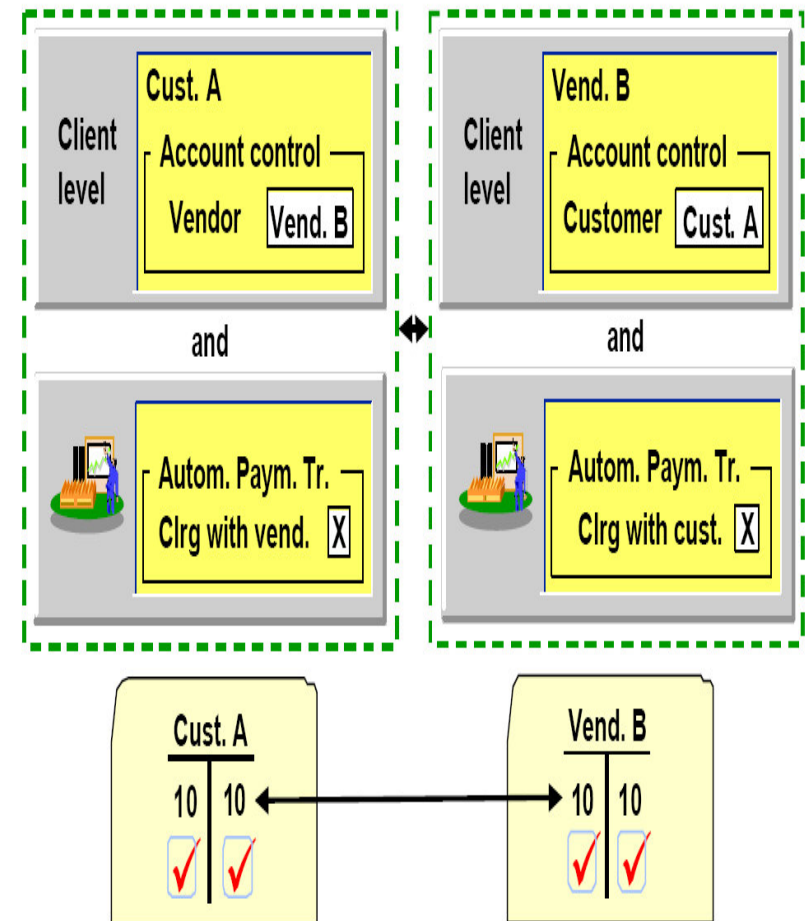
Alternate Payee Vendor

- Alternative Payee functionality is used when the payment is to be made to an address other than the one to which invoice is posted.
- The payment program will access the name and address of the alternative vendor while making the payment for original vendor
- Normally, the alternative vendor is blocked for posting as it is used only for making the payment.
- When do we use Alternative Payee?
 - To direct a check to a specific destination within a vendor's organization (e.g. vendor's lockbox, PO Box, etc)
 - Vendor is a conglomerate of individual operating entities and payments are made to a central organization supporting all branches



Vendor / Customer Integration: Vendor's who are also Customers in SAP

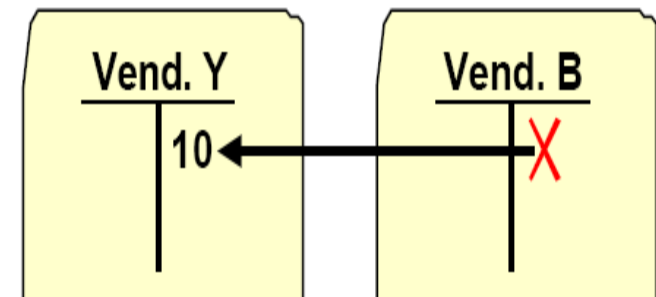
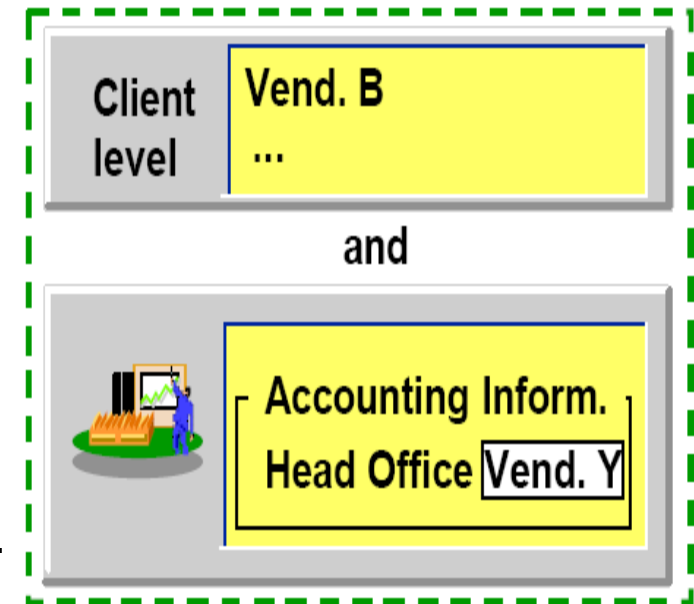
- This functionality is used, if a vendor is also a customer or vice versa.
- Two separate master records are defined: one for Vendor and one for Customer.
- The customer/vendor records are cross referenced in the system
- The payment program clears the vendor and customer open items against each other.





Vendor Master Data - Head Office and Branch Accounts

- This functionality is used where the branches of the company provides goods/services independently and accounting of these transactions are done centrally at Head Office.
- The link is established by entering the Head Office vendor number in the branch vendor master records.
- The purchase orders and invoicing are accounted to Branch accounts. However, the accounting open items are posted to the Head Office account via standard system integration.
- System provides consolidated Head Office reports and individual Branch activity reporting.
- The payment program clears the open items of Head Office and this clearing is reflected in Branch reporting.





Vendor Account Groups – Key Decisions

- Account groups
- Numbering schema
- Number range
- Use of one time vendors
- Use of vendor/customer integration
- Use of alternative payee
- Field status for all vendors



Conversion Strategy

- Analyze the legacy vendor master data to map the legacy fields to SAP fields
- While analyzing, consider the following questions:
 - Which data exists?
 - How is the data structured (length, sequence)?
 - Which data can be transferred unmodified, which must be converted, and which cannot be transferred at all?



Conversion Strategy

Conversion Strategy:

- “Clean up” legacy data –
 - Eliminate duplicates, validate data, identify vendors not in use
 - What will be the criteria to select vendors to be converted (e.g. vendor had activity in the past 1 yr)

- SAP and legacy data mapping –
 - Field by field mapping
 - Gather data required in SAP but not available in the current system



Enterprise Readiness Challenges

- As-Is process utilizes a semi centralized data management approach
- Moving to a centralized management approach should cause minimal organizational impact
- Key challenges:
 - Training
 - Loss of control
 - Establishing service levels
 - Maintaining service levels



Next Steps

- Prepare and send out meeting minutes to invitees.
- Draft Design Document is prepared.
- Follow up on action items identified during the workshop.
- Schedule off-line meeting (s) to discuss areas of special concern
- Plan follow on workshops, as required.
- Plan validation workshop.
- Ensure all to-do's are appropriately documented



Questions?

